

**PAKISTAN INTERNATIONAL
ELEMENT ISLAMIC
ASSET ALLOCATION FUND**

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FUND'S INFORMATION

Management Company	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
Board of Directors of the Management Company	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman(subject to the approval of SECP) Executive Vice Chairman Chief Executive (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director Director (subject to the approval of SECP)
Chief Financial Officer & Company Secretary of the Management Company	Mr. Muhammad Saqib Saleem	
Audit Committee	Mr. Nasim Beg Mr. Haroun Rashid Mr. Samad A. Habib Mr. Ali Munir	
Trustee	Central Depository Company of Pakistan Limited CDC House, 990B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400	
Bankers	Summit Bank Limited Bank AL Habib Limited Meezan Bank Limited Al-Baraka Islamic Bank Bank Alfalah Limited	
Auditors	A.F. Ferguson & Co. - Chartered Accountants State Life Building No. 1-C, I.I. Chundrigar Road, Karachi-74000.	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
Registrar	Gangjees Registrar Services (Pvt.) Limited. Room No. 516, 5th Floor, Clifton Centre, Kehkashan, Clifton, Karachi.	
Rating	AM2 (Positive Outlook) Management Quality Rating assigned by PACRA	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2011

Dear Investor,

On behalf of the Board of Directors, I am pleased to present Pakistan International Element Islamic Asset Allocation Fund's accounts review for the first quarter ended September 30th 2011.

ECONOMY AND MONEY MARKET OVERVIEW

On the macroeconomic front, inflation has remained lower during the period with CPI inflation averaging 11.5% amid change in CPI methodology as well as high base-effect of last year. Like the major part of last year, external current account has also remained comfortable with a marginal deficit of US\$ 189 million during first two months of FY12. Fiscal side, on the other hand, has remained a cause of concern for the economic managers with FY11 deficit touching a level of 6.6% of the GDP (Rs. 1.2 trillion deficit size in absolute term). The government, however, has been able to keep its borrowing from SBP at lower levels, which coupled with lower inflation and contained current account deficit has compelled the central bank to lower its policy discount rate by 50 bps in Jul'11 monetary policy to bring it down to 13.5%.

In the money market, short term market rates remained on the higher side amid tight liquidity scenario in the system. Due to depletion in net foreign assets (NFA) as well as net retirement in government borrowing from SBP, money supply (M2) has witnessed contraction during the period under review, thereby keeping market liquidity tight almost throughout the period. The SBP has constantly been injecting significant amount of money in the system through OMOs in order to calm down the market.

EQUITIES MARKET OVERVIEW

Local equities market opened the year on a low with KSE100 index posting return of -5.87% during the period under review. Alongside negative returns, the market continued to remain dull with consistently low turnover throughout the period remained indicative of investor's shyness towards equity asset class. Even an unexpected 50 bps cut in DR by the SBP in July 2011 failed to generate strong momentum among equity investors due to fear of aggressive sell off by foreign investors. Global equities market went down significantly during the quarter, especially in August, which also had an adverse impact on emerging and frontier markets including Pakistan. Other resistive forces that played a dampening role for the market were political unrest, worsened law and order situation, strained Pak-US relations, floods in Sindh and energy crisis. Better corporate results and payouts by index heavy weights as well as expectations of a major cut in DR in upcoming monetary policy gave much needed support to the market towards the end of quarter and concentrated buying in selective high yielding and defensive stocks helped market to recover around 8.5% of its losses. Chemicals, Oil and Gas and Energy sectors remained centre of major activity although interest was also seen in few other stocks related to various sectors based on individual financial performance.

FUND PERFORMANCE

During the period under review, PIEIF delivered a return of 1% as against its benchmark return of -2.1%, an outperformance of 3.1%. On the equities front, the overall allocation marginally reduced to 80.6% as at quarter-end. The fund reduced its exposure significantly in Oil & Gas and General Industrials sectors, while increased its exposure towards Banks and Fixed Line Telecommunications by building exposures in MEBL and PTC respectively during the quarter.

On the fixed income side, the fund increased its allocation towards GoP Ijarah Sukuk to around 13% to take advantage of attractive yields as well as capital gains potential. The exposure towards corporate Sukuk, on the other hand, remained largely unchanged at around 2%.

FUTURE OUTLOOK

Given declining trend in CPI inflation coupled with a comfortable external account position, the Central bank has decided to lower its policy DR further by 150 bps to 12.0% for Oct'11 - Nov'11 period to trigger growth stimulus in the economy. We continue to flag foreign inflow as the single most important variable especially in the backdrop of sustained oil prices, downward trend in cotton prices and debt repayments including IMF. In our opinion, the absence of foreign flows and government's greater reliance on domestic sources for fiscal funding could result in rebound of inflation and interest rates going forward.

On the equities front, negative factors viz. alarming political and geopolitical scenario, deteriorating law and order situation, scarcity of energy, weak macroeconomic fundamentals and bearish trend in big global economies are deep rooted and not expected to reverse in short term. However sizeable cuts in discount rate cuts coupled with strong corporate results of key listed stocks are expected to provide the thrust required to keep the wheel rolling. Moreover strong earnings growth, high dividend yields and relatively cheaper valuation offer decent returns for long term investors.

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,

Yasir Qadri
Chief Executive Officer

Dated: 26 October, 2011
Karachi.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2011

	Unaudited 30 th September 2011	Audited 30 th June 2011
<i>Note</i>	(Rupees in '000)	
Assets		
Bank balances	7,895	49,430
Receivable against sale of investments	319	-
Receivable against sale of units	134	2,323
Investments	305,856	283,387
Dividend and profit receivable	2,058	2,125
Advance, deposits, prepayments and other receivables	5,518	3,198
Total assets	321,780	340,463
Liabilities		
Payable to Management Company	516	534
Payable to Trustee	58	58
Payable to Securities and Exchange Commission of Pakistan	77	373
Payable on redemption of units	3	881
Accrued expenses and other liabilities	1,819	1,404
Total liabilities	2,473	3,250
Net assets	319,307	337,213
Unit holders' funds	319,307	337,213
	(Number of units)	
Number of units in issue	8,291,729	7,713,855
	(Rupees)	
Net asset value per unit	38.51	43.72

The annexed notes form an integral part of these condensed financial statements.

For Arif Habib Investments Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	2011	2010
	(Rupees in '000)	
Income		
Capital (loss) / gain on sale of investments - net	(3,096)	4,602
Income from investment in GOP Ijara	1,106	-
Income from investment in Sukuk	256	342
Dividend income	3,121	4,964
Profit on bank deposits	195	1,851
Other income	(103)	103
	1,479	11,862
Unrealised appreciation on investments at fair through profit or loss - net	4,004	2,179
	5,483	14,041
Expenses		
Remuneration of Management Company	1,790	2,968
Remuneration of Trustee	177	205
Annual fee - Securities and Exchange Commission of Pakistan	77	97
Securities transaction cost	396	245
Settlement and bank charges	58	57
Fees and subscriptions	46	37
Auditors' remuneration	93	121
Printing & related cost	57	58
Professional charges	13	70
Amortisation of preliminary expenses and floatation costs	-	416
Total expenses	2,707	4,274
Net income from operating activities	2,776	9,767
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed	372	(13,548)
Net income / (loss) for the period before taxation	3,148	(3,781)
Taxation	7	-
Net income for the period after taxation	3,148	(3,781)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income for the period	-	-
Total comprehensive income for the period	3,148	(3,781)
Earning per Unit (EPU)	8	

The annexed notes form an integral part of these condensed financial statements.

**For Arif Habib Investments Limited
(Management Company)**

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30 2011	September 30 2010
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income / (loss) for the period	3,148	(3,781)
Adjustments		
Dividend income	(3,121)	(4,964)
Unrealised (appreciation) in the value of investments at fair value through profit or loss - net	(4,004)	(2,179)
Amount of additional units issued to class 'C' & 'D' unit holders	174	385
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	(372)	13,548
Amortisation of preliminary expenses and floatation costs	-	416
	(4,175)	3,425
Decrease / (increase) in assets		
Receivable against sale of investments	(319)	21,264
Receivable against sale of units	2,189	918
Investments	(18,465)	51,263
Profit receivable	957	(781)
Advances, deposits, prepayments and other receivables	(2,320)	(110)
	(17,958)	72,553
(Decrease) / increase in liabilities		
Payable to Management Company	(18)	(46)
Payable to Trustee	-	(3)
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	(296)	(425)
Payable against purchase of investments	-	(2,070)
Payable on redemption of units	(878)	1,101
Accrued expenses and other liabilities	415	(299)
	(777)	(1,743)
Dividend received	2,231	2,391
Net cash / (used in) / from operating activities	(20,679)	76,626
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(11,200)	(14,360)
Net (payments) made against net redemption	(9,656)	(12,233)
Net decrease in cash and cash equivalents during the period	(41,535)	50,032
Cash and cash equivalents at the beginning of the period	49,430	58,094
Cash and cash equivalents at the end of the period	7,895	108,126

The annexed notes form an integral part of these condensed financial statements.

**For Arif Habib Investments Limited
(Management Company)**

Chief Executive

Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	<i>September 30</i> 2011	<i>September 30</i> 2010
	(Rupees in '000)	
Undistributed loss brought forward	(48,594)	(44,651)
Final distribution:		
- Issue of 836,103 bonus units for the year ended 30 th June 2011 @ Rs 5.58 per unit, 04 July 2011 (2010: 1,322,943 bonus units)	(31,881)	(50,259)
- Cash distribution	(11,200)	(14,360)
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - amount that forms part of the unit holder's fund	(7,167)	-
Net income / (loss) for the period	3,148	(3,781)
	(47,100)	(68,400)
Undistributed loss carried forward	(95,694)	(113,051)

The annexed notes form an integral part of these condensed financial statements.

For Arif Habib Investments Limited
(Management Company)

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	September 30 2011	September 30 2010
	(Rupees in '000)	
Net assets at the beginning of the period	337,213	410,415
Issue of 316,322 units (2010: 434,254 units)	12,053	16,576
Redemption of 574,552 units (2010: 720,165 units)	(21,535)	(28,424)
	(9,482)	(11,848)
Final distribution:		
- Issue of 836,103 bonus units for the year ended 30 th June 2011 @ Rs 5.58 per unit, 04th July 2010 (2010: 1,322,943 bonus units)	(31,881)	(50,259)
- Cash distribution	(11,200)	(14,360)
	(43,081)	(64,619)
Issue of 836,103 bonus units for the year ended 30 th June 2010 (2010: 1,322,943 units)	31,881	50,258
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	(372)	13,548
- amount representing (loss) / income that form part of unit holders' fund - transferred to distribution statement	7,167	-
	6,795	13,548
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing unrealised income	(7,167)	-
Capital gain on sale of investments - net	(3,096)	4,602
Net unrealised appreciation on investments	4,004	2,179
Other net (loss) / income for the period	2,240	(10,562)
	3,148	(3,781)
Net assets at the end of the period	<u>319,307</u>	<u>393,972</u>

The annexed notes form an integral part of these condensed financial statements.

**For Arif Habib Investments Limited
(Management Company)**

Chief Executive

Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

The Pakistan International Element Islamic Asset Allocation Fund (formerly Pakistan International Element Islamic Fund) ("the Fund") was established under a Trust Deed executed between Arif Habib Investments Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 14 December 2005 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The name of the Fund was changed via fourth supplemental Trust Deed dated 11 May 2011 and it was categorized as Shariah Compliant Asset Allocation Scheme.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company has been shifted to 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

Based on shareholders' resolutions of MCB-AMC and AHI the two companies have merged as of 27th June 2011 through operation of an order from the SECP issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated June 10, 2011). AHI being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank. However subsequent to the completion of the merger, the SECP issued an order postponing the effective date of the merger to 30th July 2011 (through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011 dated June 27, 2011). Since the merger had already taken place and the subsequent order of the SECP could not be complied with, the Company has sought a ruling by the honourable SHC. The honourable SHC has held the SECP's subsequent order in abeyance and instructed SECP to treat the companies as merged pending a final ruling. Irrespective of the final ruling, the Fund's assets and NAV remain unaffected.

The Fund is an open-ended mutual fund, listed on the Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Fund is to make investment in shariah compliant investments in securities or instruments both inside and outside Pakistan. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of 'AM2' (Positive Outlook) to the Management Company and 3 star / 2 star rating to the Fund.

2. BASIS OF PREPARATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisory Board.

2.1 Statement of compliance

These un-audited condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, The requirements of the Trust Deed, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the NBFC Regulations or the directives issued by the SECP prevail. These financial statements are presented in condensed form in accordance with International Accounting Standard, 34 "Interim Financial Reporting". These do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Fund as at and for the year ended 30 June 2011.

The directors of the asset management company declare that these financial statements give a true and fair view of the Fund

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published financial statements of the Fund for the year ended June 30, 2011.

4. INVESTMENTS - 'AT FAIR VALUE THROUGH PROFIT OR LOSS'

	Note	Unaudited 30 th September 2011	Audited 30 th June 2011
		(Rupees '000)	
Investment in shares listed in Pakistan	4.1	259,208	277,028
Investment in unlisted Sukuk bond	4.2	46,648	6,359
		<u>305,856</u>	<u>283,387</u>

Investment in shares listed in Pakistan

Name of the Investee Company	Number of shares -----					Balance as at 30 September 2011			Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of investee company
	As at 30 June 2011	Purchases during the period	Bonus / Right issue	Sales during the period	As at 30 September 2011	Cost	Market Value	(Diminution) / Appreciation			
(Rupees in '000)											
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs. 10 each unless stated otherwise											
Oil and Gas											
Pakistan Oilfields Limited	143,011	-	-	72,000	71,011	15,398	26,158	10,760	8.19	8.55	0.03
Pakistan Petroleum Limited	194,364	-	-	51,164	143,200	20,929	27,146	6,217	8.50	8.88	0.01
Pakistan State Oil Company	154,079	-	-	20,201	133,878	37,737	34,083	(3,654)	10.67	11.14	0.08
Attock Petroleum	-	16,437	-	-	16,437	5,996	6,540	544	2.05	2.14	0.02
Oil and Gas Development Co Ltd	-	30,000	-	-	30,000	3,762	3,964	202	1.24	1.30	0.00
						83,822	97,891	14,069			
Chemicals											
Fauji Fertilizer Company Limited	67,530	5,000	-	-	72,530	7,346	11,743	4,397	3.68	3.84	0.01
Sitara Chemical Industries Limited	62,483	-	-	-	62,483	10,528	5,437	(5,091)	1.70	1.78	0.29
						17,874	17,180	(694)			
General Industrials											
Packages Limited	314,074	-	-	140,000	174,074	28,444	17,755	(10,689)	5.56	5.81	0.21
Thial Limited	-	23,950	-	-	23,950	4,280	4,323	43	1.35	1.41	0.07
						32,724	22,078	(10,646)			
Household Goods											
Pakistan Electron Limited	-	492,027	-	-	492,027	8,109	2,647	(5,461)	0.83	0.87	0.40
						8,109	2,647	(5,461)			
Construction and Materials											
Lucky Cement Limited	355,700	-	-	100,000	255,700	18,041	19,310	1,269	6.05	6.31	0.08
						18,041	19,310	1,269			
Personal Goods											
Nishat Mills Limited	657,340	-	-	318,500	338,840	22,199	16,295	(5,904)	5.10	5.33	0.10
						22,199	16,295	(5,904)			
Electricity											
Hub Power Company Limited	753,419	777,850	-	1,531,269	689,790	22,424	28,626	6,202	8.97	9.36	0.06
						22,424	28,626	6,202			
Fixed Line Telecommunications											
Pakistan Telecommunication Company Limited "A"	-	2,100,000	-	-	2,100,000	24,120	24,402	282	7.64	7.98	0.06
						24,120	24,402	282			
Banks											
Meezan Bank	-	1,531,269	-	-	1,531,269	28,617	30,779	2,162	9.64	10.06	0.19
						28,617	30,779	2,162			
TOTAL											
						257,929	259,208	1,278			

4.2 Investment in unlisted sukuk bonds in Pakist

Name of the Investee Company	As at 30 July 01, 2011	----- Number of certificates -----			Balance as at 30 September 2011			Market value as percentage of net assets	Market value as percentage of total investment	Outstanding principle value as a percentage of issued debt capital
		Purchases during the period	Sales during the period	As at 30 September 2011	Cost	Market value	Appreciatio n / (diminution)			
----- (Rupees in '000) -----										
Unlisted Sukuk bonds of Rs 5,000 unless stated otherwise										
Pak Elektron Limited (28 September 2007)	3,000	-	-	3,000	5,812	6,148	336	1.93	2.01	1.25
GOP Ijara Sukuk (16.05.2011)	-	400,000	-	400,000	40,500	40,500	-	12.68	13.24	-
Total					46,312	46,648	336			
GRAND TOTAL					304,241	305,856	1,614			

4.3 Unrealised diminution in the value of investments - net

	September 30 2011	June 30 2011
	(Rupees in '000)	
Market value of investments	305,856	283,387
Less: Cost of investments	(304,241)	(288,154)
	1,614	(4,767)
Net unrealised diminution in the value of investment at the end of the period	4,767	61,445
Realised on disposal during the period	2,377	(43,852)
	2,390	17,593
Net unrealised diminution in the value of investment at the end of the period	4,004	12,826

5 REMUNERATION OF MANAGEMENT COMPANY

During the period, through Sindh sales tax on services Act 2011, General Sales Tax on Fund management services has been imposed @ 16%, effective from July 01, 2011. Management fee charged during the period includes General sales tax.

6 CONTRIBUTION TO WORKER WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

Subsequent to 30 June 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company believes that the Pakistan International Element Islamic Asset Allocation Fund is not liable to contribute to WWF and hence no provision has been recognised by the Management Company. The aggregate unrecognised amount of WWF as at September 30, 2011 amounted to Rs2.64 million (including Rs 0.063 million for the quarter ended September 30, 2011).

7 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

8 EARNINGS / (LOSS) PER UNIT

Earnings / (Loss) per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings / (loss) per unit is not practicable

9 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertaking and investors holding 10% or more of units of the Fund.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to the Management Company and the fee payable to the Trustee are determined in accordance with the the provisions of the NBFC Rules 2003, the NBFC Regulations 2008 and Trust Deed respectively

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

		Unaudited	
		September 30 2011	September 30 2010
		(Rupees in '000)	
9.1 Amount of transactions during the period			
Arif Habib Investments Limited - Management Company			
Remuneration for the period		1,790	2,968
Arif Habib Limited - Brokerage House			
Brokerage	7.3	23	30
Central Depository Company Limited - Trustee			
Remuneration for the period		177	205
CDS Charges		3	23
Directors and Officers			
10,293 untis (2010: 5,723 units) issued during the period		390	223
5,621 bonus untis (2010: 19,134 units) issued during the period		214	727
27,378 untis (2010: 17,424 untis) redeemed during the period		1,045	678
The Bank of Punjab			
Dividend Paid		11,200	2,015
3,618 untis (2010: 4,112 units) issued during the period		137	196
6,229 untis (2010: Nil untis) redeemed during the period		239	-

	Unaudited September 30 2011	Audited June 30 2011
	(Rupees '000)	
9.2 Amounts outstanding as at the period / year end		
Arif Habib Investments Limited - Management Company		
Remuneration payable	516	503
Front-end load payable	-	31
Summit Bank Limited		
Balance at the period / year end	4,662	1,531
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	58	58
Security deposit (assets)	200	200
Key management personnel		
26,931 units held (2010: 55,977)	1,037	2,447
The Bank of Punjab		
2,297,438 Units held (2010: 2,006,228)	88,474	87,703
MCB Bank Limited		
Balance with bank	10	10

10 DATE OF AUTHORISATION FOR ISSUE

These condensed financial statements were authorised for issue on 26 October 2011 by the Board of Directors of the Management Company.

11 GENERAL

11.1 Figures have been rounded off to the nearest thousand rupees.

**For Arif Habib Investments Limited
(Management Company)**

Chief Executive

Director